



**HEARING BEFORE  
COMMITTEE ON WAYS AND MEANS  
SUBCOMMITTEE ON SOCIAL SECURITY  
UNITED STATES HOUSE OF REPRESENTATIVES**

**THE ROLE OF SOCIAL SECURITY NUMBERS IN IDENTITY THEFT**

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## **Introduction**

Chairman Johnson, Ranking Member Becerra, and Members of the Subcommittee, thank you for inviting us to participate in these important oversight hearings about Social Security numbers (SSNs), how and for whom we verify SSNs, and the relationship between SSNs and identity theft. My testimony today will focus on how we assign SSNs and the role SSNs can play in identity theft.

As you know, Social Security touches the lives of every American, often during difficult times of personal hardship, transition, and uncertainty. We serve the public through a network of 85,000 Federal and State employees who work in offices across the country and even the world. Each day almost 200,000 people visit our field offices. Many people come to our offices for scheduled appointments made weeks in advance, and some visitors must travel a significant distance. Over 450,000 people call us every day for a variety of services such as filing claims, asking questions, and changing direct deposit information.

Our annual numbers are even more staggering. During Fiscal Year 2010, we paid 58 million Americans over \$740 billion in benefits. Specifically, we paid \$572.5 billion in Old-Age and Survivor Insurance benefits, \$129.9 billion in Disability Insurance benefits, and \$47.2 billion in Supplemental Security Income payments. During this same time, we received 45 million visitors to our field offices, conducted almost 68 million transactions over our toll-free 800 number telephone system, and held over 737,000 disability hearings.

We have a long-standing and well-deserved reputation as a “can-do” agency. Our hard-working dedicated employees have done their utmost to maintain the level of service that the American people expect and deserve. We have been innovative and proactive in adopting strategies to allow us to meet the challenges we face. To the extent resources allowed, we hired and trained staff to handle our increased workloads, and used technology to complement our traditional work processes and make them more efficient.

## **History of the Social Security Number**

Following the passage of the Social Security Act in 1935, the SSN was devised as a way to keep track of the earnings of people who worked in jobs covered under the new program. The Department of Treasury published regulations in 1936 that require workers covered by Social Security to apply for an SSN.

The purpose of the SSN is to keep an accurate record of earnings covered under Social Security and to pay benefits based on those earnings. Names alone cannot ensure accurate reporting, but the combination of a name and an SSN provides a system for accurately reporting and recording wage information. Properly crediting earnings to the correct SSN ensures that we can determine eligibility for retirement, survivors, and disability benefits and pay the correct benefit amount. If we cannot properly record a worker's earnings, he or she may not qualify for Social Security benefits or the amount of benefits paid may be wrong.

The SSN card shows the SSN we assigned to a particular individual. When shown to an employer, the card assists the employer in properly reporting earnings. The SSN card was never intended, nor does it serve, as a personal identification document. Although we have made many changes over the years to make the card counterfeit-resistant and continue to work to strengthen its security, the card does not contain personal information that proves a person's identity.

Assigning SSNs and issuing SSN cards has always been one of our most significant workloads. We have assigned about 465 million SSNs since the inception of the program. In FY 2010, we assigned 5.5 million original SSNs, issued 11.2 million replacement SSN cards, and processed over 1 billion SSN verifications.

### **How We Assign SSNs and Cards**

We issue the vast majority of original Social Security cards to United States citizens or to noncitizens who are permanently authorized to work in the United States. These cards show only the name and SSN of the individual.

Originally, we assigned SSNs and issued cards based solely on the applicants' allegations of name, date of birth, and other personal information. We required no documentation to verify that information. Today, applicants for an SSN and SSN card must submit evidence of age, identity, and United States citizenship or current work-authorized immigration status. In most cases, individuals (other than newborn babies) must come into a Social Security field office or Card Center to apply for an SSN and SSN card. We require an in-person interview of all applicants age 12 or older. During the interview, we attempt to locate a prior SSN to help ensure that we do not assign an SSN to an individual assuming a false identity. We verify the birth records for United States citizens requesting an original card and the immigration documents presented by noncitizens requesting original or replacement cards.

### *Enumeration at Birth Process (EAB)*

Most newborn babies get their Social Security numbers through the EAB process. EAB allows parents to indicate on the birth registration form whether they want an SSN assigned to their newborn child. When a parent requests an SSN for a child, the State vital statistics office receives the request with the birth registration data from the hospital and then forwards this information to us. Based on the information the State forwards to us, we assign an SSN and issue a card for the child.

Hospitals, States, and other jurisdictions participate in EAB voluntarily. We administer the program pursuant to a contract between us and each State. We reimburse States for their participation on a per item basis (currently \$2.40 for each birth record). EAB is a secure and convenient service option for parents to request an SSN. The program also provides significant savings to the Federal Government.

All fifty States, the District of Columbia, and Puerto Rico participate in EAB. We assign SSNs to about 98 percent of newborns through EAB. In FY 2010, we issued approximately four million SSNs through this process.

### *Enumeration at Entry (EAE)*

In 2002, we established the EAE program in coordination with the Department of State (DOS) and the Department of Homeland Security (DHS). This program allows us to use information collected and verified by these agencies to assign SSNs automatically to lawful permanent residents upon their initial admission to the United States in that status.

Intending lawful permanent residents can apply for both an immigrant visa and an SSN by filing an immigrant visa application at a DOS office in his or her home country. When an individual gets a visa, State transmits the identifying information from the visa application to DHS. When the immigrant enters the United States, DHS notifies us and we issue the card. In FY 2010, we issued over 144,000 SSNs using EAE.

### SSNs and Cards for Individuals with Temporary or No Work Authorization

We also assign a small number of SSNs and issue cards to aliens legally in the United States but to whom DHS has not granted work authorization. We refer to these SSNs as “non-work” SSNs. In FY 2010, we issued about 28,000 non-work SSNs.

A non-work SSN card bears the legend “Not Valid for Employment.” We issue such an SSN only when: (1) a Federal statute or regulation requires an SSN to receive a particular benefit or service (for example, Temporary Assistance to Needy Families, or TANF), for which a noncitizen has otherwise established entitlement; or (2) a State or local law requires an SSN to get public assistance benefits, for which the noncitizen has otherwise established entitlement and for which all other requirements have been met.

We also issue SSNs and cards to noncitizens lawfully in the United States with temporary authorization to work. The legend on these cards reads “Valid for Work Only with DHS Authorization.” In these cases, employers must look at the noncitizen’s DHS documents to determine if the individual has current work authorization.

While a person’s basis for work authorization may change, if he or she does not report the change to us (the law does not require cardholders to do so), then we cannot update our records. As a result, we may credit earnings to what appears to be a non-work number on our records. This does not necessarily mean that the person performed unauthorized work. We have been discussing with DHS the feasibility of using DHS work authorization records to update our records as necessary.

### **Integrity of Social Security Cards**

When Social Security began, there was little incentive to counterfeit Social Security cards. However, as the card’s use expanded and technology improved, counterfeiting became a concern. In 1983, the Social Security Act required that SSN cards be made of banknote paper and be counterfeit-resistant to the maximum extent practicable. We worked with the Bureau of Engraving and Printing, the Secret Service, and the Federal Bureau of Investigation to design a card that met these requirements.

The expertise of counterfeiters and the wide availability of state-of-the-art technology make it increasingly difficult to develop and maintain a document that cannot be counterfeited, despite our best efforts to guard against such incidents. We continue to evaluate new technology as it becomes available to determine if additional features should be included.

Pursuant to the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004, we formed an interagency Task Force with DHS to establish requirements for further improving the security of Social Security cards and numbers. In

2007, we implemented numerous changes to the card based on taskforce recommendations. The new security features include:

- A guilloche background pattern, which is a unique, computer-generated, non-repeating spiral design;
- A latent image, visible only when viewed at specific angles;
- Color shifting inks, like those in the Nation's currency, that create a noticeable color shift when moved in front of a light source; and
- The card issuance date, reflecting the date we processed the card application.

The card includes other security features that we have not made public in order to protect the card's integrity.

### **Additional Efforts to Strengthen and Improve the Enumeration Process**

We have great confidence in the integrity of our SSN records. In fact, our Office of the Inspector General (OIG) has commended the accuracy of the information in our Numident file, which is our electronic repository of all SSNs.

We continue to look for ways to improve the security and efficiency of our records. For example, we know we have to expand the pool of numbers available for assignment nationwide and plan to implement a new SSN assignment methodology, called SSN Randomization, this summer. We developed this new methodology to help protect the integrity of the SSN and to extend the longevity of the nine-digit SSN nationwide. SSN randomization will also help protect against SSN fraud and misuse. It will be more difficult to reconstruct an SSN using publicly available information, which is becoming more prevalent as public and private entities increasingly use the SSN to verify identity.

Our current SSN assignment process limits the number of SSNs available for issuance by each State, because the first three digits of the SSN are determined by the ZIP code in the mailing address on the SSN application. The new process will eliminate the geographical significance of the first three numbers, thereby extending the pool of SSNs available for assignment nationwide.

We made several other improvements to our enumeration services:

- We opened two additional Social Security Card Centers—in Sacramento, California and Minneapolis, Minnesota—bringing our nationwide total to eight card centers. These specialized centers process all applications for original SSNs and replacement cards in specific service areas. As a

result, individuals using Card Centers have shorter wait times than in the local offices help ensure accuracy because the employees only focus on SSN work, and the surrounding Social Security offices are able to focus on other critical workloads.

- We have a video service delivery (VSD) pilot that allows certain individuals to apply for replacement SSNs over video links in remote locations in North Dakota, Wyoming, Utah, and Alaska. VSD is a secure, reliable, and effective way to serve those people who might otherwise have to travel great distances to conduct business with us. VSD may help reduce the volume of applications for SSNs submitted by mail from certain remote communities, without compromising the integrity of our enumeration process.
- We expanded EAE to permit all individuals applying for an immigrant visa, regardless of age, to elect to receive a SSN at the time of their entry so that they do not have to visit a field office; and,
- We successfully implemented the Social Security Number Application Process (SSNAP). Our field office staff uses this system to process SSN card applications. SSNAP strengthens the agency's overall enumeration processes by enforcing uniform compliance with our enumeration policies and improving service to the public. We expect to release an update to this program later this year.

Congress has required changes that have also strengthened the integrity of the enumeration process. IRTPA limits an individual to three replacement SSN cards per year and ten per lifetime (with limited exceptions). IRTPA also required us to add death and fraud indicators to SSN verification routines for employers and for State agencies issuing driver's licenses and identity cards.

IRTPA also required us to establish minimum standards for verification of documents submitted in connection with an SSN. Therefore, we established rigorous new standards for evidence of United States citizenship and identity submitted in connection with an application for an SSN. We now require evidence of the highest probative value, such as a United States passport.

### **Expanded Use of the SSN**

Contrary to the limited purpose of the SSN, more and more people and systems are using the SSN as a convenient means of identifying people in records systems. In 1943, Executive Order 9397 required Federal agencies to use the

SSN in any new system for identifying individuals. This use proved to be a precursor to an explosion in SSN usage, which came about during the advent of computer technology in the 1960s. The simplicity of using a unique number that most people already possessed encouraged widespread use of the SSN by Government agencies and private organizations as they adapted their record-keeping and business applications to automated data processing.

Today, both the public and private sectors use the SSN nearly universally as a personal identifier. The implications for personal privacy caused by the widespread use of a single identifier have generated concern both within the Government and in society in general. As use of the SSN has expanded, so have our workloads. SSN verifications are now a much larger piece of our workload.

We perform these verifications primarily through regular automated data exchanges. We actively participate in data matches to ensure the accuracy of Federal and State benefit payments, to verify whether applicants are eligible for benefits, to undertake debt collection activities, and to safeguard program integrity. In addition, we verify SSNs for employers to ensure the correct posting of wages and for other Federal benefit-paying programs to help reduce their program costs. Where required by law and, in certain circumstances where permitted by law, we verify that the name and SSN in the files of third parties match those on our SSN records.

### **SSN Verification Processes**

I understand that tomorrow, this subcommittee will be hearing our testimony on the SSN verification services that we provide to the employer community. Today, I will focus on verification services we offer to government agencies and third parties.

#### *Federal and State Agencies*

Many Federal, State, and local agencies request SSN verification services for numerous purposes. Some of the agencies receive information because of legislation. These organizations include, but are not limited to:

- The Department of Education;
- The Department of Justice;
- The Office of Child Support Enforcement;
- The Internal Revenue Service;
- The Department of Veterans Affairs;
- The Selective Service System;



- Any Federal agency which uses the SSN as a numerical identifier in their record system;
- Federal, State, and local agencies for validating the SSN used in administering income or health maintenance programs;
- Federal, State, and local agencies involved in programs such as Temporary Assistance for Needy Families, Supplemental Nutrition Assistance, Medicaid, and Unemployment Insurance for which Federal statute authorizes SSN use;
- State Motor Vehicle Agencies; and
- Inspectors General for several government agencies.

### *Third Parties*

Under the Privacy Act, we may verify or release SSNs to third parties that have obtained the written consent of the number holder, regardless of the purpose of the request. We have been providing such third party verifications for many years through existing verification processes.

### **Identity Theft**

We want to help prevent identity theft, to assist those who become victims of identity theft, and to assist in the apprehension and conviction of those who perpetrate the crime. We understand the fundamental role the SSN can play in helping unscrupulous individuals steal identities and obtain false identification documents. To this end, we ask that people be careful with their SSN and card; in fact, we tell people that they should not carry their card with them. A new hire should show the card to an employer to ensure employment records are correct, and then secure the card in a safe place.

To help victims of identity theft:

- We provide numbers to our Fraud Hotline and the Federal Trade Commission ID Theft Hotline;
- We provide up-to-date information about steps the person can take to work with credit bureaus and law enforcement agencies to reclaim their identity;
- We issue a replacement card when individuals have their Social Security card stolen;
- We help to correct their earnings record and issue a new SSN in certain circumstances; and

- We develop the case as a possible fraud violation and, where appropriate, refer the case to the OIG for investigation if the victim alleges that a specific individual is using the stolen SSN.

As I noted above, we have made a number of changes to the Social Security card to ensure its integrity. We have also improved our enumeration process to help ensure that we issue SSNs only to people who are entitled to them. While we cannot control the disclosure of SSNs by individuals, we are doing all that we can to ensure the integrity of our processes.

## **Conclusion**

The architects of the Social Security program originally intended the Social Security number as a means to provide a record of the earnings of people who worked in jobs covered under the new Social Security program. The use of the SSN for other purposes has grown significantly over the years. The challenge we face is to balance our commitment to assigning numbers quickly and accurately to individuals who qualify for them and need them to work, with the equally important need to maintain the integrity of the enumeration system to prevent SSN fraud and misuse.

We will continue to provide the best service we possibly can. Our ability to deliver service to the American public depends upon sustained, timely, and adequate funding. With the full funding of the President's 2012 budget request, we can continue to fulfill our core mission and meet the needs of the public.

I want to thank the Chairman, Ranking Member, and members of the Subcommittee for inviting me here today, and I look forward to working with you to continue to improve our processes.